

Message Text

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21

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 TRSE-00 FTC-01 /065 W

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R 252230Z FEB 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 4189

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FOLLOWING RECD FROM RIO DATED 23 FEB SENT ACTION BRASILIA
INFO SAO PAULO NOW BEING REPEATED FOR YOURACTION:

QUOTE

RIO DE JANEIRO 0818

E. O. 11652: N/A

TAGS: EGEN, BR

SUBJ: PRESS ARTICLES ON ALLEGED GE BRIBERY

REF: SAO PAULO 0395

1. FRIDAY AND SATURDAY (FEB 20 AND 21) EDITIONS OF
RIO'S TRIBUNE DA IMPRENSA CARRY BANNER HEADLINES
ALLEGING GE BRIBERY TO SELL LOCOMOTIVES IN BRAIL.
ACCORDING TO FRIDAY ARTICLE, PRESIDENT OF GE DO BRAZIL,
GERALD THOMAS SMILEY, ADMITTED AT CADE HEARING ON
THURSDAY THAT GE HAD PAID COMMISSIONS OF MORE THAN
US \$10 MILLION TO REDE FERROVIARIA FEDERAL AND FEPASA.
SATURDAY ARTICLE INTIMATED THAT GE BRIBERY REVELATION
WAS HAVING WIDE REPERCUSSIONS IN U.S.

2. ON FRIDAY, CONGEN OFFICER SPOKE WITH GILERMO
MARIN, HEAD OF GE'S TRANSPORTATION DIVISION IN
BRAZIL, REGARDING ABOVE NEWSPAPER ARTICLES. MARIN
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FLATLY DENIED ANY WRONGDOING ON PART OF GE AND STATED

THAT IMPRENSA DA TRIBUNE ARTICLE WAS PURE HOGWASH. MARIN DID NOT KNOW WHERE REPORTERS COULD HAVE COME UP WITH ALLEGED INFORMATION. HE POINTED OUT THAT FRIDAY, FEB. 20, EDITION OF O GLOBO CARRIED ARTICLE ON SMILEY'S APPEARANCE AT CADE WHICH HAD MORE ACCURATELY REPORTS SUBSTANCE OF SMILEY'S TESTIMONY. HE INDICATED AS WELL THAT GE WAS CONCERNED OVER POSSIBLE REPERCUSSIONS AT HEADQUARTERS IN NEW YORK SHOULD TRIBUNE STORY BE PICKED UP AND AMPLIFIED.

COMMENT: TRIBUNA DA IMPRENSA IS CONSIDERED SENSATIONALIST NEWSPAPER WHICH OFTEN PRINTS ERRONEOUS MATERIAL. EMBASSY MAY BE AWARE THAT GE DID SELL LAST YEAR LOCOMOTIVES WORTH APPROXIMATELY US \$90 MILLION TO RFFSA AND FEPASA. THE GE SALE WAS FACILITATED BY THE COMPANY'S MANUFACTURING BASE IN BRAZIL (IT IS THE ONLY LOCAL MANUFACTURER OF LOCOMOTIVES) AND RELATIVELY HIGH CONTENT OF NATIONALIZATION. AS FAR AS CONGEN AWARE, NO WHIFF OF SCANDAL HAS EVER SURFACED REGARDING GE'S DEALINGS WITH RAILROADS. DEXTER UNQUOTE CRIMMINS

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